

Day Care FSA FAQs

The Day Care FSA helps you pay for child care services that make it possible for you and your spouse (if applicable) to work. Under certain circumstances it also may be used to help pay for the care of elderly parents, or a disabled spouse or dependent.

Am I eligible to enroll in the Day Care FSA?

To be eligible you must be at work during the time you're eligible dependent receives care. You must also meet one of the following eligibility guidelines:

- You have a working spouse or a spouse looking for work.
- Your spouse is a full-time student at least five months during the year while you are working.
- Your spouse is physically or mentally unable to provide for his/her own care.
- You are divorced or legally separated and have custody of your child even though your former spouse may claim the child for income tax purposes.

Who is an eligible dependent?

Your day care expenses must be for a qualifying individual and who is one of the following:

- Your dependent under the age of 13 for whom you can claim an exemption.
- A child under the age of 13 for whom you have custody if you are divorced or legally separated.
- Your spouse who is physically or mentally incapable of self-care.
- Your dependent who is physically or mentally incapable of self-care, even if you cannot claim an exemption for the person for income tax purposes.

What expenses are eligible for reimbursement under the Day Care FSA?

Expenses may be reimbursed for services provided:

- Inside or outside your home by anyone other than your spouse, a person you list as your dependent for income tax purposes or one of your children under the age of 19.
- In a dependent care center or a child care center.

Child and adult daycare, nursery and pre-school, after-school programs, and summer day camp for eligible dependent care can be reimbursed through the Dependent Care FSA.

What expenses are not eligible for reimbursement?

- Dependent care for a child 13 or over.
- Overnight camp.
- Babysitting that is not work-related.
- School costs for kindergarten and higher grades.
- Long-term care services.
- All submitted expenses will be reviewed according to the regulations of Internal Revenue Code Sections 125 & 129.

Can I pay my in-home daycare provider through the Day Care FSA?

Yes. You can be reimbursed from your Day Care FSA for any qualified daycare expense, whether performed in your home, the provider's home or a daycare center. The caregiver's Social Security number or a tax identification number must be included on the Claim Form. You will also need to provide receipts for the expenses or have your provider sign the completed Claim Form.

My dependent care provider doesn't claim the income as earnings. Can I use the Day Care FSA?

You can, but you will need to report the Social Security or tax identification number of your provider, along with the amount paid and benefits received, on form 2441 to accompany your federal income tax return. As a result, your provider will have to pay taxes on that income.

My ex-spouse claims our child as a deduction for tax purposes, but I pay for child care. Can I use the Day Care FSA?

During the time of the year the child resides with you, you can use the Day Care FSA to pay for child care services.

How do I get reimbursed for my eligible expenses?

You can submit claims directly to Navia Benefit Solutions by using their online claim submission tool, mobile app, or by sending via fax, email, or mail. Visit the HCPS – Benefits website for the Day Care FSA claim form.

Can I use both the Day Care FSA and the federal Child and Dependent Care Credit?

Expenses reimbursed from a Day Care FSA reduce the amount you can claim under the federal income tax credit. You will have to determine which approach is best for you. Keep in mind the tax savings derived through participation in a Day Care FSA are realized throughout the plan year versus once on April 15.